WEEKLY ECONOMIC REVIEW

July 25, 2008

Alberta's inflation rate surged in June, jumping to 4.4%, a 0.7 percentage point increase from May. The primary source for the increase was higher prices for energy products like natural gas and gasoline, which, on a year-to-date basis, were up 21.1% and 17.5%, respectively. Nationally, the inflation rate jumped 0.9 percentage points to 3.1%, its highest level since September 2005, also due to higher gasoline prices.

After a drop in April, retail sales in Alberta picked up in May, increasing by 0.7%. The increase was largely due to strong sales at gasoline stations resulting from higher prices at the pump. In the first five months of 2008 retail sales have increased 2.4% from the same period last year, the slowest growth rate of all the provinces. Nationwide retail sales were also driven up by gasoline sales, increasing by 0.4% from April to May. Excluding gasoline stations, retail sales only rose 0.1% nationally.

The prices Alberta farmers received for their products rose by 1.2% from April to May. Livestock prices were up 3.8% from the previous month, including a 19.1% increase in hog prices. Livestock prices have increased steadily since the beginning of 2008, but are still down 10.1% compared to the first five months of 2007. Grain prices increased 3.2% in May and are up 65.6% so far in 2008.

Cdn Dollar (US¢/CS)

July 25, 2008	98.4
July 18, 2008	99.5
2008-09 YTD	99.0

WTI Oil US$/bbl

July 24, 2008	$ 125.49
July 17, 2008	$ 129.29
2008-09 YTD	$ 126.40

Nymex Natural Gas CS/MMBtu *
August Contract

July 25, 2008	$ 9.37
July 18, 2008	$10.74

*Estimate based on Nymex Futures Market Price

The U.S. housing market showed no signs of improving in June as sales new homes fell 0.6% from May, to an annualized rate of 530,000 units. Existing home sales were also down, dropping by 2.6% to an annual rate 4.86 million units. Also, in the second quarter the number of U.S. households facing the foreclosure process more than doubled from the same quarter last year. 740,000 homes received at least one foreclosure-related notice in the quarter, or one in every 171 households.

Oil prices continued to drop this week, falling almost US$4/bbl from last Thursday to close at US$125.49/bbl. On Friday morning oil was trading below US$124/bbl. Prices fell as a result of eased tensions over Hurricane Dolly and a large build up in U.S. gasoline and distillate inventories.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month(Y/Y)	Year-to-date[1]
Consumer Price Index (2002=100)	**June**			
Alberta	124.0	1.5%	4.4%	3.6%
Canada	115.4	0.7%	3.1%	2.1%
Retail Sales ($ millions)[2]	**May**			
Alberta	5,142	0.7%	-0.1%	2.4%
Canada	35,784	0.4%	2.8%	4.9%
Farm Product Price Index – Alberta (1997=100)	**May**			
Grains	185.6	3.2%	69.2%	65.6%
Livestock	99.5	3.8%	-7.1%	-10.1%

Source: Statistics Canada. [1]Year-to-date compared to the same period in the previous year. [2] Seasonally adjusted.